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China's 2026 "Two Sessions"

1. China's annual "Two Sessions" (两会), the concurrent meetings of the National People's Congress and the Chinese People's Political Consultative Conference, were held from March 4 to March 12, 2026, in Beijing (NPC & CPPCC, 2026). The CPPCC opened on March 4 with 2078 of 2125 members in attendance. The meeting was presided over by Shi Taifeng; Wang Huning delivered a report on the work of the CPPCC Standing Committee; and He Baoxiang delivered a report on the handling of proposals from political advisors. The NPC opened on March 5, with 2,765 of 2,878 deputies present, Li Qiang delivering the Government Work Report, and Zhao Leji presiding. It closed on March 12, approving the Government Work Report and the 15th Five-Year Plan (2026-2030) outline, and adopting three legislative laws: the Ecological Environment Code, an Ethnic Unity Progress Promotion Law, and a National Development Planning Law. While the first two were stipulated to come into force on July 1 and August 15, 2026, respectively, the National Development Planning Law took effect immediately.

2. The Government Work [Report](#) set the 2026 GDP growth target of 4.5%-5%, the lowest since the early 1990s, as well as targets for unemployment, CPI inflation, and carbon-intensity reduction at 5.5, 2.0 and 3.8 percentage points, respectively. The report mentioned insufficient momentum in consumption and investment, external uncertainties, geopolitical risks, weak global growth, domestic structural issues, fiscal pressures, and governance shortcomings as the key challenges ahead. The authoritative statistics show that most targets for 2025 were met: GDP grew 5.0%, new urban jobs created stood at 12.67 million (above the 12 million target), and the surveyed urban unemployment rate averaged 5.2% (below the 5.5% target). Grain output reached 71,488 million tons (\approx 1.43 trillion jin), above the "around 1.4 trillion jin" goal. The most notable shortfall in policy objectives was with regard to inflation: CPI in 2025 remained flat at 0.0%, well below the 2% target.

Metric	2025 target (Gov. Work Report 2025)	2025 Execution	2026 target (Gov. Work Report 2026)
GDP growth	~5%	5.0%	4.5%-5% (range)
Urban surveyed unemployment (avg.)	~5.5%	5.2%	~5.5%
Urban new jobs	≥12 million	12.67 million	≥12 million
CPI inflation	~2%	0.0% (“flat”)	~2%
Grain output	~1.4 trillion jin	71,488 million tons (≈1.43 trillion jin)	~1.4 trillion jin
Fiscal deficit ratio	~4%	Deficit RMB 5.66 trillion (execution matched budgeted deficit size)	~4%
Fiscal deficit size	RMB 5.66 trillion	RMB 5.66 trillion (budget-execution statement)	RMB 5.89 trillion
General public budget spending	~RMB 29.7 trillion (planned)	RMB 28.739542 trillion (executed)	~RMB 30 trillion (planned)

3. As per the report, the emphasis has shifted towards boosting consumption, improving fiscal-financial coordination, and enhancing spending efficiency. The policy focuses on larger fiscal expenditure, better use of government bonds, stronger transfer payments to local governments, optimised spending on key sectors, and closer coordination between fiscal and financial policies. With regard to implementation, the stress was laid on early policy action, careful budgeting, risk prevention, policy evaluation, and stronger supervision to support sustainable economic growth.

4. In 2026, China plans to issue 1.3 trillion yuan in ultra-long-term special government bonds. The funds are primarily directed toward three key areas: about 800 billion yuan for major national infrastructure and strategic projects (“两重” projects aimed at implementing major national strategies and strengthening security capacity in key areas), 200 billion yuan for large-scale industrial equipment upgrades and manufacturing modernisation, and 250 billion yuan to support

consumption through trade-in subsidy programs for goods like automobiles and appliances. The remaining portion is flexibly allocated to priorities such as digital infrastructure, green transition, and public welfare.

5. Science and technology will remain a top fiscal priority, with central-level expenditure on science and technology reaching 426.4 billion yuan, a 10% increase. In 2025, China's total R&D spending surpassed 3.92 trillion yuan, accounting for 2.8% of GDP. Of this, nearly 280 billion yuan was allocated to basic research, representing 7.08% of total R&D spending—the highest proportion on record.

6. In 2026, the government will focus on stimulating consumption by combining measures to enhance residents' consumption capacity with supportive policies such as establishing a 100 billion Yuan special fund combining fiscal and financial tools to boost domestic demand. The government will also encourage private sector participation in major projects, especially in high-tech and modern services.

7. China will also promote industries such as semiconductors, aerospace, biomedicine, and the low-altitude economy. Artificial intelligence and “AI+” have emerged as major themes this year. The report stresses the need to develop future sectors, including quantum technology, future energy, embodied AI, brain-computer interfaces, and 6G and expand the “AI+” initiative across industries. Discussions by delegates and members frequently focused on integrating AI into government services and enhancing digital governance.

8. The emergence of new terms such as “emerging pillar industries,” “new forms of the intelligent economy,” and “brain-computer interfaces,” in the government work report reflects the transition from nurturing sectors to scaling them into core economic drivers, particularly in areas like artificial intelligence, integrated circuits, and the low-altitude economy. In the digital sphere, the concept of a “new form of the intelligent economy” highlights the deep integration of AI with the real economy, infrastructure, and industrial ecosystems, supported by new initiatives such as large-scale computing clusters and energy-computing coordination.

9. The government affirmed to regulate local government economic promotion activities, including issuing lists of permitted and prohibited investment attraction measures and deepen reform of bidding and tendering mechanisms. The report emphasises increasing coordination of fiscal resources and budget management, deepening zero-based budgeting reform, improving the local tax system and expanding revenue sources.

10. The work report and delegates' statements stressed "advancing real combat training, accelerating advanced combat capability construction," and called for cross-domain reforms (军地改革), optimising the national defence science & tech industry, enhancing joint operations capabilities, and deepening "defence-mobilisation and national defence education." The report mentioned building "new-domain, new-type combat forces" (likely referring to space, cyber, and advanced technologies) alongside traditional forces. It called for accelerating "integration of joint operational capabilities" and optimising the structure of new services or force elements. However, no detailed force structure changes or conscription reforms were announced at the NPC.

11. The 2026 "Two Sessions" is the start year of the 15th Five-Year Plan. The plan centres on new quality productive forces through innovation-driven growth, with heavy focus on strategic emerging industries (战略性新兴产业) and future industries (未来产业). The focus is shifting from basic R&D to industrial application and diffusion, integrating emerging tech into upgrading sectors for self-reliance and competitiveness. The report outlined 109 major projects across six areas:

- New productive forces: 28 projects (industrial upgrading, frontier tech, innovation capacity)
- Modern infrastructure: 23 projects (transport, energy systems, digital infrastructure, opening platforms)
- Urban-rural integration: 9 projects
- People's wellbeing: 25 projects (education, healthcare, elderly and child services, culture)
- Green transition: 18 projects (carbon reduction, environmental protection, ecosystem restoration)
- Security guarantees: 6 projects (food and energy security)

12. The 15th five-year plan targets raising the core digital economy's share to 12.5% of GDP while building an integrated national data market, expanding AI deployment across entire industrial supply chains, and strengthening AI security frameworks. It outlines sweeping ambitions across frontier sectors, including biomedicine, quantum technology, atomic-scale manufacturing,

fusion energy, brain-computer interfaces, and humanoid robotics, reflecting a systemic push toward technological self-reliance and global leadership.

13. The 15th Five Year Plan calls for targeted support to border regions (边境地区), combining “guarding and consolidating borders,” “prospering border areas and enriching residents,” “strengthening border defense,” and “border region opening-up” (沿边开放), with more spending on education and health in frontier localities and stronger border subsidies, plus support for port cities and border-town and village construction.

14. In the 2026 budget, 30,010 billion yuan (including the central contingency reserve of 50 billion yuan) is projected for the national general public budget expenditure, up 4.4%. The deficit will be 5,890 billion yuan, 230 billion yuan more than in 2025. Supporting the development of a strong domestic market is identified as the top fiscal policy task for 2026 in the Budget Report. The fiscal spending on education, healthcare, social security, and housing exceeds 12.4 trillion yuan, accounting for over 41% of total fiscal expenditure, the highest level in recent years.

15. Defence spending remains on a steady-growth track: the 2026 budget provides 1.94 trillion yuan for national defence (general public budget), up 6.9% year-on-year; the central-government component is RMB 1.91 trillion (up 7%, the figure stayed at 7.2 per cent for 2023, 2024 and 2025). China's defence spending remains comparatively modest across key relative indicators, including its share of GDP, per capita defence expenditure, and defence expenditure per military personnel.

16. The 2025 budget had planned a national general public budget deficit of 5.66 trillion yuan, with revenue of 21.985 trillion yuan and expenditure of 29.7005 trillion yuan, including a central deficit of 4.86 trillion yuan and a local deficit of 800 billion yuan. In execution, national revenue reached 21.6045 trillion yuan, about 380.5 billion yuan below target, while expenditure reached 28.7395 trillion yuan, roughly 961 billion yuan below plan. Central government revenue also fell short of about 299.7 billion yuan (Target 9.696 trillion yuan; actual 9.396 trillion yuan), and local own-source revenue slightly underperformed (target 12.289 trillion Yuan; actual 12.208 trillion Yuan, shortfall about 80.8 billion yuan).

17. The deficit targets were met, 5.66 trillion yuan nationally, 4.86 trillion yuan centrally, and 800 billion yuan locally, and debt levels remained within the ceilings approved by the National People's Congress. Weak performance was most evident in the government fund budget, where revenue reached 5.7704 trillion yuan compared with the projected 6.2499 trillion yuan, reflecting

continued weakness in land-sale income, while expenditure also came in lower than expected (11.2874 trillion yuan vs. the planned 12.4884 trillion yuan). Similarly, tax revenue underperformed, with 17.636 trillion yuan collected compared to the planned 18.146 trillion yuan, although non-tax revenue slightly exceeded expectations (3.968 trillion yuan vs. 3.839 trillion yuan planned).

18. On March 5, Xi Jinping participated in deliberations with the Jiangsu delegation and mentioned that economic provinces must both stabilise growth and generate institutional solutions to “deep contradictions.” He spoke on how to build “new quality productive forces” (新质生产力); integrate education-technology-talent; break through original innovation and key-core technologies; fuse innovation chain and industrial chain; upgrade traditional industries while advancing future industries; and removing institutional obstacles via deeper reforms. He also emphasised the idea that large provinces’ resilience under external shocks anchors national stability. A commentary published in the “Economic Daily” asserted that the stability of major provinces supports the stability of the overall national economy, and their progress leads to regional advancement.

19. On March 6, Xi Jinping visited members attending the Fourth Session of the 14th National Committee of the CPPCC from the China Zhi Gong Party, the Jiusan Society, as well as representatives from the medical and health sector, as well as social welfare and social security sectors. He participated in a joint group meeting and emphasised that building a “Healthy China” by 2035 is a major strategic decision made by the CPC Central Committee. The 15th Five-Year Plan period is a critical stage for achieving this goal, and efforts must be coordinated and accelerated to strive for decisive progress. The members spoke on issues including a health-first strategy, grassroots healthcare capacity, materials-tech breakthroughs, innovative drug R&D, high-altitude disease prevention, and charity development. Xi Jinping called for deeper reforms across healthcare, insurance, and pharmaceuticals, and greater use of technological innovation and digitalization. He also highlighted the need to develop medical talent, uphold professional ethics, and mobilise the entire society to contribute expertise and policy recommendations, ensuring coordinated and sustained progress toward the 2035 “Healthy China” goal.

20. On March 7, Xi Jinping, attended the plenary meeting of the delegates from the People’s Liberation Army (PLA) and the People’s Armed Police Force and emphasized that it is essential to uphold, apply, and further develop the principle of political control over the military to achieve

the centenary goal of the PLA on schedule and advance national defence and military modernization with high quality. He stressed the need to unwaveringly maintain and strengthen the Party's absolute leadership over the armed forces. At the meeting, six representatives: Sun Lei, Zhou Fen, Tang Wuxiang, Hao Jingwen, Jiang Xiaodong, and Zhu Yuemeng, presented suggestions on topics including cross-military and civilian law enforcement coordination, Party-led scientific research efforts, training of non-commissioned officers, development and application of new equipment and capabilities, promotion of fine traditions, and the dissemination and study of exemplary models. After hearing their remarks, Xi Jinping delivered an important speech and stressed that the fight against corruption must be unwaveringly advanced. He emphasised that oversight of major projects should be strengthened, including supervision in military-civil integration and called for reforms in military budget management. He also highlighted the importance of building a highly capable, professional, and politically reliable talent pool and mentioned that priority should be given to long-term foundational work that enhances the military's overall strength and combat effectiveness. Zhang Shengmin, Vice Chairman of the Central Military Commission, attended the meeting.

21. Li Qiang joined the Henan delegation and noted that Henan should make new contributions to building a national unified market, including developing logistics corridors that connect east, west, south, and north, as well as strengthening its role as a hub for consumption, trade, and industrial linkages. He stated that the province should also cultivate new advantages by improving a modern industrial system, fostering competitive industrial clusters and leading enterprises. Zhao Leji, while interacting with the Sichuan delegation, emphasised the implementation of the 15th Plan and political alignment. Cai Qi visited the Qinghai delegation and stressed correct performance metrics, ecology-first development choices, ethnic unity, and grassroots governance. Ding Xuexiang participated in the meeting with the Liaoning delegation and endorsed the Government Work Report as a blueprint for the 15th Plan's opening year, within a broader narrative of high-quality development and modernisation. Ding Xuexiang also attended a joint meeting with Hong Kong and Macao members of the Chinese People's Political Consultative Conference at the CPPCC auditorium to discuss national affairs. This marks the third consecutive year that he has met separately with Hong Kong's NPC deputies and CPPCC members.

22. On March 6, 2026, the Tibetan delegation held a plenary meeting to study the spirit of General Secretary Xi Jinping's speech delivered during the deliberations of the Jiangsu delegation

and deliberated on the Government Work Report and reviewed the draft outline of the 15th Five-Year Plan (2026–2030). Wang Junzheng, TAR Party Secretary, highlighted four key priorities for the Tibet region: maintaining social stability, promoting economic development, strengthening ecological protection, and reinforcing border security. Wang Junzheng also emphasised the need to prioritise high-quality development, promote technological and industrial innovation, and improve infrastructure across the region. He noted the importance of integrating Tibet into national development initiatives, including the South Asian corridor, the Chengdu–Chongqing economic circle, and other regional economic frameworks. While deliberating on the Law on Promoting National Unity and Progress, Wang Junzheng emphasised Tibet’s efforts in promoting ethnic unity, adding that the region has taken the lead in adopting regulations aimed at creating model areas for ethnic unity and progress, helping to strengthen exchanges and interaction among different ethnic groups and fostering a shared sense of identity within the Chinese nation and the proposed law will further enhance these efforts at a higher institutional level.

23. During the deliberations with the Tibet delegation, Zhang Guoqing, a member of the Political Bureau of the CPC Central Committee and Vice Premier of the State Council, stated that efforts should focus on fully implementing the Party’s strategy for governing Tibet in the new era. He emphasized the need to continue to grasp the four major pillars of stability, development, ecology, and strengthening the border, and to strive to advance the development of Chinese-style modernisation in Tibet. During the deliberations of the Tibetan delegation, Lobsang Gyaltzen, Vice Chairman of the Standing Committee of the National People’s Congress, highlighted several projects related to Tibet, stating that the Yarlung Tsangpo Hydropower Project (Yaxia Hydropower Project) and the Sichuan–Tibet Railway are connected to the long-term security and high-quality development of Tibet. He described these projects as significant initiatives whose acceleration reflects attention from the central leadership toward the development of ethnic regions. He further stated that the 15th Five-Year Plan period (2026–2030) represents a critical phase for Tibet and the country as a whole in consolidating the foundations for the basic realisation of socialist modernisation.

24. On March 8, a member of the Politburo of the CPC Central Committee and Foreign Minister Wang Yi said during a press conference on China’s foreign policy and external relations that India and China must maintain the correct strategic perception of each other as partners rather than rivals, and opportunity instead of threat. He noted that the two sides should follow the direction set by

our leaders, remove interference, and advance toward the same goals and mentioned that we must uphold good-neighbourliness and friendship, and jointly safeguard peace and stability in the border areas.

25. The report's decision to raise the minimum monthly basic pension for urban and rural residents by 20 RMB was widely noticed. In an interview with the Chinese Communist Party's "Workers' Daily", Guo Fenglian, a former "model worker" personally hailed by Mao Zedong, criticised that the 20 RMB increase is "unfair" for farmers. She further mentioned that elderly rural farmers in China continue working despite age and illness, receiving extremely low pensions while trying not to burden their families or the state. She called for raising pensions to 400–500 yuan and ensuring direct cash access, so the elderly can live with dignity and financial independence. Multiple delegates and commentators suggested raising rural pension levels to 300/500/800 RMB in stages, or even to 1000 RMB over several years. Separately, Guangxi party chief Chen Gang publicly "exposed internal problems," revealing cases related to environmental pollution and official corruption in Guangxi, and demanded that cadres "sit on the people's side." Liaoning party chief Xu Kunlin criticised the "officialdom mentality" (官本位), noting that some officials are keen on holding office but have no intention of serving enterprises or the people, and urged officials to resolve legacy problems and outstanding issues.

26. The 2026 "Two Sessions" mark a definitive transition in China's developmental trajectory, signalling the commencement of the 15th Five-Year Plan (2026-2030) with a sober yet strategically ambitious outlook. Faced with internal structural pressures—most notably a flat CPI and a cautious GDP growth target of 4.5%-5%—the Chinese leadership has signalled a shift away from high-speed expansion toward "high-quality development" anchored by new quality productive forces. With a 10% increase in central science and technology spending and a record-breaking allocation to basic research, China is doubling down on "AI+" initiatives, quantum technology, and brain-computer interfaces. The goal is to evolve from basic R&D to the large-scale industrial application of frontier technologies. While internal economic goals are a major factor, the geopolitical pressure from the U.S. is the primary catalyst for the *urgency* and *scale* of this spending.

27. The NPC deliberation indicated that Xi Jinping will continue the political rectification of the PLA and purging of officers deemed disloyal to the Party. The defence budget approved by the NPC also assures adequate funding for the PLA, though there were indications that China is unlikely to undertake a military adventure over the next year or two and will probably utilise the interregnum to develop new, advanced weaponry and modernise. Finally, the NPC and CPPCC sessions clearly projected Xi Jinping as the preeminent CCP leader and probably continuing for the fourth term at the upcoming 21st Party Congress.

28. China's 2026 "Two Sessions" highlighted a major transition in the country's development strategy as it entered the 15th Five-Year Plan period. Key takeaways include:

- i. The government set a cautious GDP growth target (4.5%-5%), reflecting a move away from high-speed expansion towards "high-quality development" focused on innovation and productivity. The leadership acknowledged economic headwinds, including weak consumption, investment momentum, and external geopolitical risks.
- ii. There is a strong emphasis on technological self-reliance. Central science and technology spending rose by 10%, with record allocations for basic research. Major focus areas include AI, quantum technology, and industrial modernization, aiming to scale frontier technologies into core economic drivers.
- iii. The budget increased spending on social welfare (education, healthcare, pensions) and infrastructure. Special ultra-long-term bonds will fund strategic projects and support domestic demand, with efforts to improve fiscal discipline and spending efficiency.
- iv. Defence spending continues to grow steadily, but with no indication of high spending. Political control over the armed forces remains a priority, as does anti-corruption and modernization.
- v. The plan calls for targeted support to border and frontier regions, deepening reforms, and integrating these areas into national development strategies.
- vi. Xi Jinping's prominent role underscores policy continuity and centralization of authority, with the 15th Five-Year Plan emphasizing stability, innovation, and self-reliance amid domestic and international challenges.

In summary, the 2026 “Two Sessions” signal a pragmatic but ambitious agenda, balancing economic stability with a push for technological advancement and stronger social safety nets, while consolidating political control and preparing for long-term competitiveness.

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